

## **EXHIBIT A**

CONNECTICUT BANK OF COMMERCE

Plaintiff,

**MONEY JUDGMENT**

-against-

THE REPUBLIC OF CONGO

Defendant.

X

STATE OF NEW YORK )

)ss:

COUNTY OF KINGS )

FILED  
PROTHONOTARY  
2006 AU 30 AM 9:28

1. Plaintiff, CONNECTICUT BANK OF COMMERCE, by its attorneys, GOLDBERG & COHN, LLP., LOCAL COUNSEL to the FIRM OF WILLIAMS & CONNOLLY, having moved by Motion for Summary Judgment in Lieu of Complaint dated for an Order that a Money Judgment be granted to Plaintiff in the sum of Ten Million Three Hundred Seventy Five Thousand Two Hundred Forty Four Dollars and Eighty Three (\$10,375,244.83) DOLLARS plus interest and such costs and disbursements as are fixed by the Court; and

2. The Defendant having defaulted by failing to put in any Response to said motion and the matter having come before Hon. Irving Aronin on November 17, 1999 and Justice Aronin having granted Plaintiff's Motion for a Money Judgment of Ten Million Three Hundred Seventy Five Thousand Two Hundred Forty Four Dollars and Eighty Three (\$10,375,244.83) Cents and directing Plaintiff to settle an Order on Notice and Plaintiff having settled said Order on Notice to Defendant, and this Order having been signed by Justice Aronin on February 1, 2000 and having been duly entered by the County Clerk, Kings County on March 10, 2000, *granting that*

of Ten Million Three Hundred Seventy Five Thousand Two Hundred Forty Four Dollars and Eighty Three (\$10,375,244.83) Cents plus interest from November 15, 1996 of ~~\_\_\_\_\_~~ and now on the Motion of GOLBERG & COHN, LLP., LOCAL COUNSEL to the FIRM OF WILLIAMS & CONNOLLY it is;

ADJUDGED that Plaintiff, CONNECTICUT BANK OF COMMERCE residing at and with a principal place of business at 612 Bedford Street, Stamford, Connecticut 06901 have Judgment against and do recover of the Defendant, The Republic of Congo, a sovereign foreign entity with a principal residence in the United States at its Embassy located in 4891 Colorado Avenue, Northwest, Washington, D.C., (202) 726-0825 the sum of ~~the~~ \$10,375,244.83, plus interest in the amount of

\$3,252,650.28 and ~~plus costs and disbursement~~ plus costs and disbursement in the amount of \$445.00, making a total sum of \$13,628,340.11 and the plaintiff shall have execution therefor.

Wilbur A. Levin  
CLERK  
SUPREME COURT, KINGS COUNTY

KINGS COUNTY CLERK'S OFFICE  
FEE  
2005 MAY -9 PM 12:46

FILED

FILED  
PROTHONOTARY  
2005 AU 30 AM 9:30

OST- 16 CT-23-166

All which we have caused by these Presents to be exemplified, and the seal of our said Court for said County to be hereunto affixed.

WITNESS, Hon. **HON. HOWARD RUDITZKY**  
**JUSTICE N.Y.S. SUPREME COURT**  
A Justice of our Supreme Court in and for the Second Judicial District of said State,  
this day of JUL 7 2003 19

*Wm. G. Lema* Clerk.

**HON. HOWARD RUDITZKY**  
**JUSTICE N.Y.S. SUPREME COURT**

a Justice of the Supreme Court of the State of New York in and for the Second Judicial District thereof, do hereby certify, that **WILBUR A. LEVIN**, whose name is subscribed to the preceding exemplification, is the Clerk of the County of Kings, and Clerk of the Supreme Court in and for said County, and that full faith and credit are due to his official acts.

I FURTHER CERTIFY, that the Seal affixed to said exemplification is the proper Seal of said Court for said County, and that the attestation thereof is in due form of law and by the proper officer.

Witness my hand at the Borough of Brooklyn, this  
7th day of JULY in the year 2003.

*Howard G. Ruditzy*  
A Justice of the Supreme Court of the State of New York  
in and for the Second Judicial District.

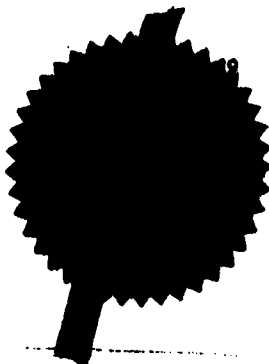
*Wm. G. Lema* Clerk.

STATE OF NEW YORK, }  
COUNTY OF KINGS, } ss.

I, **WILBUR A. LEVIN**, Clerk of the County of Kings, and also of the Supreme Court of said County in and for the Second Judicial District of said State (said Court being a Court of Record), do hereby certify, that Hon. **HON. HOWARD RUDITZKY**  
**JUSTICE N.Y.S. SUPREME COURT**  
whose name is subscribed to the foregoing certificate, is a Justice of the Supreme Court of said State in and for the Second Judicial District, duly elected and sworn, and that the signature of said Justice to said Certificate is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Seal of said County and Court, this day of JUL 7 2003 19

*Wm. G. Lema* Clerk.



**SUPERIOR COURT  
OF THE  
STATE OF DELAWARE**

SHARON D. AGNEW  
PROTHONOTARY, NEW CASTLE COUNTY

NEW CASTLE COUNTY COURT HOUSE  
500 N KING STREET  
LOWER LEVEL 1, STE#500  
WILMINGTON DE 19801-3746  
(302) 255-0800

JUDGMENTS DEPARTMENT  
500 N KING STREET  
1<sup>ST</sup> FLOOR, STE#1500  
WILMINGTON DE 19801-3704  
(302) 255-0556

NOTICE OF ENTRY OF JUDGMENT

TO: AF-CAP, INC  
C/O HWR SERVICES LIMITED  
CRAIGMUIR CHAMBERS  
P O BOX 71  
ROAD TOWN, TORTOLA  
BRITISH VIRGIN ISLANDS

**CONNECTICUT BANK OF COMMERCE, Plaintiff (s)  
vs.  
THE REPUBLIC OF CONGO, Defendant (s)**

You are hereby notified that on the 30<sup>TH</sup> DAY OF AUGUST a judgment was entered in Superior Court, New Castle County, against you the defendant(s) and in favor of:

AF-CAP, INC, ASSIGNEE OF:  
CONNECTICUT BANK OF COMMERCE  
C/O HWR SERVICES LIMITED  
CRAIGMUIR CHAMBERS-POB 71  
ROAD TOWN, TORTOLA  
BRITISH VIRGIN ISLANDS

Whose attorney is: or Pro Se:

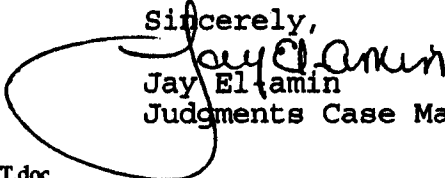
PAUL D BROWN, ESQUIRE  
1000 WEST ST, STE#1540  
WILMINGTON DE 19801

This Judgment is a result of proceedings that were held in the State of NEW YORK.

The Judgment number in this Court is 05J-08-826 J-22-165

DATE: AUGUST 30, 2005

Sincerely,

  
Jay Elamin  
Judgments Case Manager

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<http://courts.state.de.us/superior>

**SUPERIOR COURT  
OF THE  
STATE OF DELAWARE**

**SHARON D. AGNEW  
PROTHONOTARY, NEW CASTLE COUNTY**

**NEW CASTLE COUNTY COURT HOUSE  
500 N KING STREET  
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(302) 255-0800**

**JUDGMENTS DEPARTMENT  
500 N KING STREET  
1<sup>ST</sup> FLOOR, STE#1500  
WILMINGTON DE 19801-3704  
(302) 255-0556**

**NOTICE OF ENTRY OF JUDGMENT**

**TO: REPUBLIC OF CONGO  
CAISSE CONGOLAISE D' AMORTISSEMENT  
C/O HEAD OF MINISTRY OF FOREIGN AFFAIRS  
RODOLPHE ADADA  
BP 98  
BRAZZAVILLE  
CONGO**

**CONNECTICUT BANK OF COMMERCE, Plaintiff (s)  
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C/O HWR SERVICES LIMITED  
CRAIGMUIR CHAMBERS-POB 71  
ROAD TOWN, TORTOLA  
BRITISH VIRGIN ISLANDS**

Whose attorney is: or Pro Se:

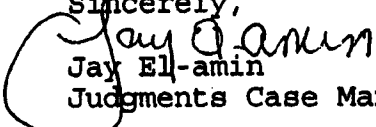
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Jay El-amin  
Judgments Case Manager

C:\userdata\word 97 docs\ForeignJUDGMENT.doc

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**SUPERIOR COURT  
OF THE  
STATE OF DELAWARE**

**SHARON D. AGNEW  
PROTHONOTARY, NEW CASTLE COUNTY**

**NEW CASTLE COUNTY COURT HOUSE  
500 N KING STREET  
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**JUDGMENTS DEPARTMENT  
500 N KING STREET  
1<sup>ST</sup> FLOOR, STE#1500  
WILMINGTON DE 19801-3704  
(302) 255-0556**

**NOTICE OF ENTRY OF JUDGMENT**

**TO: REPUBLIC OF CONGO  
CAISSE CONGOLAISE D' AMORTISSEMENT  
BP 2090  
BRAZZAVILLE  
CONGO**

**CONNECTICUT BANK OF COMMERCE, Plaintiff (s)  
vs.  
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BRITISH VIRGIN ISLANDS**

Whose attorney is: or Pro Se:

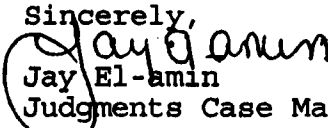
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DATE: AUGUST 30, 2005

Sincerely,

  
Jay El-amin  
Judgments Case Manager

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## **EXHIBIT B**



## SNPC OVER/UNDER CHECK

date of BL	Shing n°	MT Vessel	Selling price	BL Qty	ACTIVITIES	BLI	OU SNPC	OU ROY
28-nov-02	110	ALTAR VOYAGER	\$23,5380	752 489	Lfr 110 remainder 110 royalty	686 855	86 082	86 886
18-janv-03	111	VRGO VOYAGER 18-janv-03	\$31,2184	616 824	Tax maritime (Lfr 110) Lfr 111 111 royalty	5 572 614 500	75 821	-6 572 75 373
03-mars-03	112	KYEEMA SPIRIT 05-mars-03	\$31,5730	734 884	Tax maritime (Lfr 111) Lfr 112 112 royalty 4th Qtr 02 royalty Tax maritime (Lfr 112)	3 458 730 517 4 087	81 327	-3 458 80 806 15 821 -4 087
20-08-2003	114	VRGO VOYAGER 20-juin-03	\$25,0450	802 770	Lfr 114 114 royalty Tax maritime (Lfr 114)	808 201 6 048	101 100	104 826 -6 048
03-oct-03	116	ALMUDANA 03-oct-03	\$25,7937	811 437	Lfr 116 116 royalty 3rd qtr 03 royalty Tax maritime (Lfr 116)	789 420 6 464	84 826	93 807 10 732 -6 464
25-nov-03	117	HARMONY 25-nov-03	\$25,6975	688 416	Lfr 117 117 royalty Tax maritime (Lfr 117)	683 782 4 634	86 473	81 033 -4 634
18-mars-04	119	STELLAR VOYAGER 18-mars-04	\$25,3805	678 978	Lfr 119 119 royalty Tax maritime (Lfr 119)	627 694	78 451	80 083 -6 084
08-mai-04	120	STELLAR VOYAGER 08-mai-04	\$26,8180	698 980	Lfr 120 120 royalty 1st Qtr 04 royalty Tax maritime (Lfr 120)	693 008	81 268	77 083 28 513 -3 841
18-aout-04	122	SEBARON SPIRIT 18-aout-04	\$27,2221	619 883	Lfr 122 122 royalty 2nd qtr 04 royalty - estimation Tax maritime (Lfr 122)	598 771	70 848	73 728 26 298 -3 815
27-sept-04	123	MT BRITISH HOLLY 27-sept-04	\$27,4730	694 877	Lfr 123 123 royalty Tax maritime (Lfr 123) 2nd qtr 04 royalty	654 877	81 836	78 372 -4 170 37 060
23-nov-04	124	MT GENMAR NESTOR 23-nov-04	\$26,8808	800 018	Lfr 124 124 royalty Tax maritime (Lfr 124) repart 712	808 918	82 602	88 310 -3 408 28 675
18-06-05	126	MT OLYMPIC FLAIR 18-06-05	\$33,80	438 973	Lfr 126 126 royalty Tax maritime (Lfr 126) 4th qtr 04 royalty	438 973	54 667	51 018 -3 288 22 638
18-mars-05	127	HARMONY 18-mars-05	\$37,0030	386 887	Lfr 127 127 royalty Tax maritime (Lfr 127)	298 857	31 883	20 633 -1 212
21-avr-05	128	ADAR 21-avr-05	\$40,3120	342 589	Lfr 128 128 royalty Tax maritime (Lfr 128) 1st qtr 05 royalty	342 589	42 824	38 266 -1 688 16 277
23-juin-05	129	GENMAR TRUST 23-juin-05	\$42,0877	132 403	Lfr 129 129 royalty Tax maritime (Lfr 129)	132 403	16 580	14 609 -844
03-aout-05	130	NS CONCORD 03-aout-05	\$43,9038	436 828	Lfr 130 130 royalty Tax maritime (Lfr 130) 2nd qtr 05 royalty	436 828	54 379	49 640 -1 738 12 682
26-nov-05	132	HELLESPONT 26-nov-05	\$50,2200	670 388	Lfr 132 132 royalty Tax maritime (Lfr 132) 3rd qtr 05 royalty	670 388	83 706	78 474 -2 333 25 500
31-déc-05	133	STAVRONIS 31-déc-05	\$59,3360	416 916	Lfr 133 133 royalty Tax maritime (Lfr 133) 4th qtr 05 royalty	416 916	81 877	48 836 -1 443 28 937
08-fév-06	134	JASONAS 08-fév-06	\$50,6732	400 088	Lfr 134 134 royalty Tax maritime (Lfr 134)	400 088	80 087	48 886 -1 371
26-juin-06	136	OLYMPIC SPIRIT II 26-juin-06	\$50,5732	628 957	1st qtr 06 royalty Lfr 136 136 royalty Tax maritime (Lfr 136)	629 857	78 746	7341 85 434 -2 168

CMSN 1713

-408 418 134 838 28 821

12/08/2006

over\_under reunion 080811

71/1 NSMO

TABLEAU REVISE DES PREVISIONS/REALISATIONS DE PRODUCTION NETTE (En barils) DE 2005 A 2008

	2005	2006	2007	2008
	Prévisions	Prévisions	Prévisions	Prévisions
JANVIER	317 500	339 238	324 017	286 143
FÉVRIER	289 452	322 653	289 389	235 131
MARS	326 182	329 955	317 236	288 546
AVRIL	310 140	314 543	303 716	277 447
MAI	314 807	361 037	310 317	274 549
JUN	299 976	328 239	297 351	271 630
JUILLET	303 924	285 831	304 077	267 732
AOÛT	288 623	327 223	300 505	268 732
SEPTEMBRE	289 520	257 339	288 241	268 732
OCTOBRE	248 249	234 659	288 134	268 732
NOVEMBRE	274 530	264 539	282 402	268 732
DÉCEMBRE	278 254	263 567	289 041	268 732
TOTAL	3 615 262	3 193 140	3 692 622	3 114 729
	Prévisions	Prévisions	Prévisions	Prévisions
JANVIER	317 500	339 238	324 017	286 143
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DÉCEMBRE	278 254	263 567	289 041	268 732
TOTAL	3 615 262	3 193 140	3 692 622	3 114 729

TABLEAU COMPARATIF DE LA PRODUCTION CUMULATIVE  
ANNÉES 2005 ET 2006 (En tonnes métriques)

	2005	2006	Prévisions
JANVIER	30 272	44 155	-4 077
FÉVRIER	34 454	40 924	6 469
MARS	40 430	32 927	-7 503
AVRIL	32 630	42 437	10 627
MAI	38 976	42 377	3 401
JUN	19 161	43 353	24 674
JUILLET	44 176	45 407	1 231
AOÛT	44 533	41 724	-2 809
SEPTEMBRE	38 493	38 493	0
OCTOBRE	44 015	44 015	0
NOVEMBRE	42 828	42 828	0
DÉCEMBRE	42 336	42 336	0
TOTAL	476 626	334 646	-141 980

EXPORTATIONS ET COURS MOYEN DU BARIL  
EN 2006

Mois	Prévisions (en barils)	Qté réalisées (en barils)	Prévisions (en USD)	Courbes d'affaires (en USD)
JANVIER	0	0	0	0
FÉVRIER	0	0	0	0
MARS	0	0	0	0
AVRIL	0	0	0	0
MAI	0	0	0	0
JUN	0	0	0	0
JUILLET	0	0	0	0
AOÛT	0	0	0	0
SEPTEMBRE	0	0	0	0
OCTOBRE	0	0	0	0
NOVEMBRE	0	0	0	0
DÉCEMBRE	0	0	0	0
TOTAL	0	0	0	0

## C.M.S. NOMEKO CONGO INC.

FACTORS	DRY	WET	COND.
API @ 60	18,10	17,50	49,90
Scm/bbl	0,15892	0,15892	0,15889
Bbl/L.Tonne	6,698	6,698	8,213

<b>August, 31st 2006</b>
OPENING STOCK @ 06:00 August 01
CLOSING stock @06:00 JSeptember 01

DRY OIL STORAGE CLOSING INVENTORY					Days in Month	31
Tank	Temp	GV	GSV	GV	Prior Month Closing INVENTORY - GSV	
1C	98,0	110 381	0,9847	108 694	Dry Oil	515 965
3C	100,5	135 652	0,9837	133 441	Wet Oil 2C/4C/F	16 725
5C	97,5	127 756	0,9849	125 830	Cond	8 831
1P	91,8	84 236	0,9874	83 170	LIFTINGS	
1S	91,0	85 456	0,9876	84 395		
3P	79,4	65 929	0,9922	65 417		
3S	79,5	72 282	0,9922	71 718		
5P	87,7	51 419	0,9889	50 849	GROSS FUEL USED	
5S	97,0	69 387	0,9851	68 355	Crude	11 544
Total Dry Storage		802 498		791 871	Cond.	3 460

WET OIL STORAGE CLOSING INVENTORY					
Tank	Temp	GV	GSV	GV	GSV
2C	83,0	0	35,00%	0	0,9880
4C	98,8	30 033	35,00%	19 822	0,9879
PS	97,2	1 099	35,00%	714	0,9880
Total Wet Storage		31 132	57,52%	20 536	0,9902

CONDENSATE STORAGE CLOSING INVENTORY					
Tank	Temp	GV	GSV	GV	GSV
S/SLP	88,0	15 894	35,00%	10 490	0,8776
Total Cond Storage		9 835	0,00%	9 835	0,8776

INVENTORY SUMMARY - STANDARD BARRELS @ 60 F						
	DRY	WET	COND.	FUEL	LOSS	TOTAL
Dry Crude	791 871	515 965	275 906	11 544	0	287 460
Wet Crude	20 288	16 725	3 563	0	0	3 563
Cond.	9 206	8 631	575	3 460	0	4 035
Total	821 364	541 321	280 043	15 004	0	295 047

MONTHLY PRODUCTION SUMMARY		STANDARD BARRELS	CUBIC METERS	METRIC TUNNES
Crude Inventory Change		279 468	44 413	41 724
Condensate Inventory Change		575	91	70
Crude Fuel Consumption		11 544	1 835	1 723
Cond. Fuel Consumption		3 460	550	421
Lifted Volume		0	0	0

Crude and Condensate production	295 047	46 889	43 938
Crude Production	291 012	46 248	43 448
Dry Crude for sale (produced to dry tanks exc fuel inc reproce	275 906		

Average Daily Crude and Cond. Production	9 518	1 513	1 417
Average Daily Crude Production	9 387	1 492	1 402
Average Daily Crude Prod'n Excluding Fuel	9 015	1 433	1 348
Average Daily Dry Crude For Sale (Excluding Fuel)	8 900		

CMSN 1715

**CMS NOMECO  
Pricing Schedule**

Pricing based on New York HARBOR N° 6.1

août-06

Date	Min	Max	Average
1-août	51,300	51,500	51,400
2-août	52,000	52,200	52,100
3-août	51,850	52,050	51,950
4-août	51,250	51,450	51,350
5-août			
6-août			
7-août	52,450	52,650	52,550
8-août	51,950	52,150	52,050
9-août	52,700	52,900	52,800
10-août	51,450	51,650	51,550
11-août	51,650	51,850	51,750
12-août			
13-août			
14-août	50,700	50,900	50,800
15-août	50,300	50,500	50,400
16-août	50,150	50,350	50,250
17-août	49,100	49,300	49,200
18-août	49,850	50,050	49,950
19-août			
20-août			
21-août	50,750	50,950	50,850
22-août	50,550	50,750	50,650
23-août	49,600	49,800	49,700
24-août	49,600	49,800	49,700
25-août	49,800	49,800	49,700
26-août			
27-août			
28-août	47,850	48,050	47,950
29-août	47,100	47,300	47,200
30-août	46,650	46,850	46,750
31-août	46,650	46,850	46,750
Total			1 157,3500
Nbre de jours			23
Moyenne			50,3196

## **EXHIBIT C**



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**P E R E N C O**

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17<sup>th</sup> September 2002

## **PERENCO COMPLETES CMS ACQUISITION**

Perenco has completed the acquisition of CMS Oil and Gas Company which owns oil and gas producing properties in USA, Republic of Congo, Cameroon, and Tunisia and an exploration permit in Eritrea. The acquisition of CMS' interests in Venezuela is the subject of a separate transaction for which certain approvals are still pending, and completion is anticipated in October.

Perenco is a European exploration and production company with operations in Latin America, West Africa, Turkey and USA. Following the closing of this transaction, Perenco's total operated production is expected to be 190,000 bopd with Perenco's net share over 140,000 bopd.

Further information can be found at [www.perenco.com](http://www.perenco.com) or contact

Paddy Spink +44 20 7376 5250.

## **EXHIBIT D**

# 3303-A

CONVENTION

- The People's Republic of Congo
- Congolese Superior Oil Company
- Cities Service Congo Petroleum Corporation
- Canadian Superior Oil Ltd.
- Société Nationale de Recherches et  
d'Exploitation Pétrolières "HYDRO-CONGO"

May 25, 1979

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ENGLISH  
TRANSLATION

Copied from  
ORIGINALS File

GAR 00056



INDEX

1. Table of contents
  2. Convention
  3. Exhibit I: Decree granting the "Marine 1" permit.
  4. Exhibit II.
- 
5. Exhibit III: Depreciation rates applicable to the COMPANIES.
  6. Exhibit IV: Payment of the royalty and of the corporate tax.
  7. Exhibit V: Model of letter of guarantee.
  8. Appendix.

GAR 00057

	<u>Page</u>
1. Definitions .....	2
2. Purpose .....	4
3. Effective Date - Term - Exploitation Permit .....	4
4. Beneficiaries .....	4
5. Warranties .....	5
6. Taxes .....	6
6.03 Computation of the corporate tax on each of the COMPANIES .....	7
7. Mining royalty .....	8
8. Foreign exchange .....	9
9. Lump sum payments .....	11
10. Disposition of HYDROCARBONS .....	11
11. Employment and training of personnel .....	13
12. Congolese suppliers .....	14
13. Provision of information .....	15
14. Transport and treatment of products .....	15
15. Force majeure .....	16
16. Tax declaration and payment .....	17
17. Arbitration .....	17
18. Applicable law .....	18
19. Notices .....	18
20. Amendments .....	19
21. Guarantee by parent company .....	20

## EXHIBIT I

Copy of Decree Granting the PERMIT

## EXHIBIT II

## EXHIBIT III

Depreciation Rates Applicable to the COMPANIES

## EXHIBIT IV

- I - Payment of Royalty
- II - Payment of Corporate Tax

## EXHIBIT V

Model of Letter of Guarantee

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GAR 00058

TRANSLATION

CONVENTION

BETWEEN

The People's Republic of the Congo (hereinafter referred to as the "CONGO"), represented for the purposes hereof by its Minister of Mining and Energy Mr. Rodolphe Adada,  
on the one hand,

AND

Congolese Superior Oil Company (hereinafter sometimes referred to as "SUPERIOR"), a Nevada (U.S.A.) corporation with registered offices at 26th Floor, First City National Bank Building, Houston, Texas 77001, United States of America, represented by Mr. Diego O. Giordano-Echegoyen, duly authorized for this purpose,

Cities Service Congo Petroleum Corporation (hereinafter sometimes referred to as "CITIES SERVICE") a Delaware (U.S.A.) corporation with registered offices at 306 South State Street, Dover, Delaware, United States of America, represented by Mr. Antoine Saadi, duly authorized for this purpose,

Canadian Superior Oil Ltd. (hereinafter sometimes referred to as "CANADIAN"), a corporation incorporated under the laws of Canada, with registered offices at Three Calgary Place, 355 4th Avenue S.W., Calgary, Alberta, Canada, represented by Mr. Robert C. Schrader, duly authorized for this purpose,

Société Nationale de Recherches et d'Exploitation Pétrolières "HYDRO-CONGO" (hereinafter sometimes referred to as "HYDRO-CONGO"), a société nationale with registered offices at Brazzaville, represented by Mr. Alphonse M'Boudo-Nesa, duly authorized for this purpose,

hereinafter collectively referred to as the "COMPANIES", and individually "one of the COMPANIES" or the "COMPANY",

on the other hand.

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## PREAMBLE:

WHEREAS, the CONGO wishes to promote and conduct, under the best conditions of effectiveness, exploration and development of its liquid and/or gaseous hydrocarbon resources so as to enable thereafter exploitation of these resources on the best possible terms; and

WHEREAS, for this purpose, the CONGO wishes to obtain the cooperation of qualified and well-known oil companies in order to have them provide HYDRO-CONGO, within the framework of a joint venture, with assistance necessary for the implementation of certain hydrocarbon exploration and the development and exploitation of petroleum deposits discovered on the type "A" permit known as "Marine 1" granted to HYDRO-CONGO, which is more fully described below, and on the exploitation permits which may be granted in respect of such exploration permit; and

WHEREAS, the COMPANIES shall carry out their exploration and production activities in accordance with the principles of the petroleum policy of the CONGO as incorporated in this Convention.

NOW, THEREFORE, IT HAS BEEN AGREED AS FOLLOWS:

1. Definitions

~~For the purpose of this Convention, the terms and expressions set forth below shall have the following meanings:~~

1.01 Convention: This Convention between the CONGO and the COMPANIES.

1.02 Joint Venture: The joint venture organized by the joint operating agreement for the petroleum works as this term is hereinafter defined in sub-paragraph 1.10 below.

1.03 Joint Operating Agreement: The joint operating agreement for the exploration and exploitation of hydrocarbons entered into among the COMPANIES for the exploration and possible exploitation of hydrocarbon deposits on the permit as this term is hereinafter defined in sub-paragraph 1.04 below.

1.04 Permit: The type "A" exploration permit known as "Marine 1", referred to in the preamble to the CONVENTION, granted to HYDRO-CONGO for the benefit of the JOINT VENTURE by the Decree, a copy of which is attached as Exhibit I to the CONVENTION, and all its extensions, amendments, variations or renewals, if any, as well as any exploitation permit which may be granted over any part of its surface.

1.05 Operator: The COMPANY which is entrusted, on behalf of the members of the JOINT VENTURE, with the petroleum works -- as this term is hereinafter defined in sub-paragraph 1.10 below -- on the PERMIT, in accordance with the provisions of the JOINT OPERATING AGREEMENT.

GAR 00060

1.06 Hydrocarbons: Solid, liquid and/or gaseous hydrocarbons discovered and/or produced on the PERMIT.

1.07 Natural Gas: Gaseous HYDROCARBONS produced by the COMPANIES on the PERMIT, but excluding condensate which by normal field methods of processing is separated and recovered as a liquid.

1.08 Liquid Hydrocarbons: HYDROCARBONS produced by the COMPANIES on the PERMIT, but excluding NATURAL GAS.

1.09 Affiliated Company:

1.09.1 Any company in which more than 50% of the voting rights in ordinary shareholders' meetings are held directly or indirectly by one of the COMPANIES;

1.09.2 Any company which holds, directly or indirectly, more than 50% of the voting rights in the ordinary shareholders' meetings of one of the COMPANIES;

1.09.3 Any company whose voting rights in ordinary shareholders' meetings are subject to more than 50% control by a company which itself holds, directly or indirectly, more than 50% of the voting rights in the ordinary shareholders' meetings of one of the COMPANIES;

1.09.4 Any company in which more than 50% of the voting rights in ordinary shareholders' meetings are held directly or indirectly by several COMPANIES or by several companies as described in sub-paragraph 1.09.1 to 1.09.3 above.

1.10 Petroleum Works: All the activities, wherever carried out, relating to exploration, development, exploitation, transportation, storage and disposition of HYDROCARBONS in the CONGO or for export.

1.11 Exploration Work: That part of the PETROLEUM WORKS which is undertaken with the goal of discovering HYDROCARBON deposits, including the discovery well and appraisal works, undertaken until the day on which the Operating Committee provided for in the JOINT OPERATING AGREEMENT decides, pursuant to Article 5 of the JOINT OPERATING AGREEMENT, that a discovered deposit is commercially exploitable.

1.12 Development and Exploitation Works: All PETROLEUM WORKS other than EXPLORATION WORKS, including transportation of HYDROCARBONS to the point of lifting by the COMPANIES.

1.13 Foreign Companies: The COMPANIES, except HYDRO-CONGO.

1.14 CFA Franc: Currency defined in Title II of the "Convention de coopération monétaire" between the member States of the Banque des États de l'Afrique Centrale (S.E.A.C.) and the French Republic, as signed in Brazzaville on November 21, 1972.

GAR 00061

2. Purpose

2.01 The purpose of the CONVENTION and of the Exhibits hereto is to define the conditions of the participation of the COMPANIES in the PETROLEUM WORKS on the PERMIT within the framework of the JOINT VENTURE.

3. Effective Date - Term - Exploitation Permit

3.01 The CONVENTION shall be approved by an act having the force of law and shall come into force upon the publication of such act in the Official Journal of the CONGO.

3.02 The CONVENTION is entered into for the term of the PERMIT.

3.03 Each exploitation PERMIT shall have a duration of thirty (30) years.

4. Beneficiaries

4.01 The provisions of the CONVENTION shall apply as a matter of law to the COMPANIES and to any assignee of the rights of each COMPANY on the PERMIT, as well as to any company to which the COMPANIES or one of the COMPANIES shall have decided to associate by assigning to such company all or part of their rights and obligations on the PERMIT. However, any assignment must be submitted to the Minister in charge for approval prior to its coming into force.

If the decision of the Minister in charge is not rendered within one (1) month from the notification of the assignment, which approval to the assignment must be sought, such approval shall be deemed not to have been granted.

4.01.1 If the proposed assignee is a company wholly-controlled by the assignor or by the parent company of its group, the authorization of the Minister in charge shall be automatically granted and, in this case, notwithstanding the provisions of paragraph 4.01 above, the authorization shall be deemed granted one (1) month after the request is made. If the proposed assignee is an AFFILIATED COMPANY, the authorization of the Minister in charge shall not be withheld unreasonably or in a discretionary manner.

4.01.2 Any subsequent action which would result in modifying the qualification of the assignee as a company wholly-controlled by the assignor or as an AFFILIATED COMPANY shall be considered as a new assignment and shall be subject, under the same conditions, to the prior authorization of the Minister in charge.

GAR 00062

4.01.3 In accordance with the petroleum policy of the CONGO, HYDRO-CONGO shall not assign its participating interest in the JOINT VENTURE unless the assignee is wholly-controlled by the CONGO.

## 5. Warranties

5.01 Subject to the provisions of sub-paragraph 5.01.3 below, the CONGO warrants to the COMPANIES for the term of the CONVENTION, stable legal, financial, mining and economic conditions within which the COMPANIES will perform their activities in the CONGO, as such conditions arise from the laws and regulations in effect on the date of execution of the CONVENTION, and from the terms and conditions of the CONVENTION.

5.01.1 Therefore, the COMPANIES shall not be subject in any area whatsoever to any measure that would represent an aggravation of the situation described in paragraph 5.01 above.

5.01.2 In particular, any measure which would have the effect of either reducing net profits from the activities performed within the framework of the CONVENTION by decreasing gross income or by increasing the operating expenses of the COMPANIES, or generally jeopardizing the execution or the conduct of the PETROLEUM WORKS by restricting the COMPANIES' rights, shall be deemed to constitute an aggravation of the situation for the purpose of sub-paragraph 5.01.1 above.

5.01.3 Nonetheless, changes in labor, safety and environmental protection legislation and income taxation of individuals shall be applicable as a matter of law to the COMPANIES and to their staff, except if such legislation includes restrictions on the COMPANIES' rights concerning the ownership of their property or the free disposal of HYDROCARBONS to which they are entitled under Article 10 of the CONVENTION.

5.01.4 In addition, the COMPANIES shall not be subject to any discriminatory measures, in law or in fact, particularly with respect to the regulation of property or individuals.

5.02 The CONGO warrants to the COMPANIES for the term of the CONVENTION that, with respect to the corporate tax referred to in Article 6 of the CONVENTION, the tax conditions of the performance of their activities in the CONGO pursuant to the CONVENTION shall be governed by the Code Général des Impôts du CONGO, by amendments and regulations thereto and by the CONVENTION. Therefore, the COMPANIES shall not be subject, with respect to their activities in the CONGO under the CONVENTION, to any discriminatory tax measure in relation to the standard provisions applicable to Congolese or foreign companies, except those resulting from the CONVENTION.

GAR 00063

5.03 The CONGO warrants to the COMPANIES for the term of the CONVENTION that, pursuant to the Code Général des Impôts du CONGO, the mining royalty paid to the CONGO on the quantities of HYDROCARBONS to which the COMPANIES are entitled pursuant to the JOINT OPERATING AGREEMENT shall be ~~fourteen and one half~~ percent (14 1/2%) for LIQUID HYDROCARBONS and nine percent (9%) for NATURAL GAS.

## 6. Taxes

6.01 For PETROLEUM WORKS, each of the COMPANIES shall be subject only to the mining royalty referred to in paragraph 5.03 and in Article 7 of the CONVENTION and to the corporate tax referred to in Articles 106 to 126 of the Code Général des Impôts du CONGO, to the exclusion of any other levy.

6.02 Consequently, each of the COMPANIES shall be exempt, for the PETROLEUM WORKS and for the term of the CONVENTION, from all other taxes and imposts. This exemption includes among others:

6.02.1 The exemption from any customs duty and any importation tax or deposit for all pieces of equipment, material and supplies and spare parts destined for the PETROLEUM WORKS, whether imported directly by the COMPANY or indirectly by the OPERATOR in the name of the COMPANY or through suppliers or subcontractors.

6.02.2 The exemption from any export duties or ~~taxes applicable to equipment and spare parts for such~~ equipment when such equipment and spare parts have been imported tax-free in accordance with sub-paragraph 6.02.1 above as well as to HYDROCARBONS produced on the PERMIT and belonging to the COMPANY in accordance with Article 10 below.

6.02.3 The exemption from the internal turnover tax, the taxe unique, the tax on transactions and all other indirect taxes relating to the furnishing of goods (material, equipment, spare parts, etc.), services and work of any kind relating to the PETROLEUM WORKS provided for in the CONVENTION, whether such goods, services or work are furnished by the COMPANY, by the OPERATOR, or by contractors, or by suppliers and entities providing such services, working directly or indirectly for the COMPANY.

6.02.4 The exemption from any registration tax (droit d'enregistrement) relating to any deed or instrument of any nature whatsoever to which the COMPANY, or OPERATOR on behalf of the COMPANY, may be a party within the scope of the PETROLEUM WORKS on the PERMIT; relating to any conveyance of ownership or transfer of use to the COMPANY of movables or immovables for the carrying out of the PETROLEUM WORKS; or relating to the insurance contracts to which the COMPANY or OPERATOR on its behalf may be a party, and concerning the PETROLEUM WORKS.

GAR 00064



6.02.5 The exemption from any tax or impost relating to the payment of interest or dividend by the COMPANY.

6.03 Computation of the corporate tax on each of the COMPANIES

6.03.1 Except for the rules stipulated in this paragraph 6.03, the rules governing the basis and collection of the corporate tax are those fixed by the Code Général des Impôts du CONGO.

6.03.2 Each of the COMPANIES shall be subject to the corporate tax, in accordance with the provisions of the Code Général des Impôts du CONGO, and if the corporate tax rate prescribed in the Code Général des Impôts du CONGO is less than fifty-five percent (55%), to an additional tax equal to the taxable income multiplied by the excess between fifty-five percent (55%) over said corporate tax rate.

6.03.3 The basis for computation of the corporate tax for each of the COMPANIES for its activities performed within the framework of the CONVENTION shall be computed on the basis of the prices set forth in Exhibit II to the CONVENTION. Depreciation shall be computed by each of the COMPANIES in accordance with rules set forth by the Code Général des Impôts du CONGO; nonetheless, each of the COMPANIES shall apply, item by item, the rates set forth in the table attached hereto as Exhibit III.

~~6.03.4 In order to permit the computation of the corporate tax owed by each of the COMPANIES for its activities performed within the framework of the CONVENTION, each COMPANY shall, from the effective date and for the term of the CONVENTION, maintain accounting books in accordance with the rules set forth by the Code Général des Impôts du CONGO.~~

6.03.5 The provisions of Article 109 of the Code Général des Impôts du CONGO shall not apply to the COMPANIES.

6.03.6 By exception to Article 116 of the Code Général des Impôts du CONGO, the COMPANIES shall not be authorized to deduct from their taxable income for the purpose of the corporate tax interest or agios paid on loans which may be made for the financing of the PETROLEUM WORKS from AFFILIATED COMPANIES. From the date on which the Operating Committee provided for in the JOINT OPERATING AGREEMENT shall have determined, in accordance with the JOINT OPERATING AGREEMENT, that a commercially exploitable discovery has been made, each COMPANY shall be permitted to deduct from its taxable income interest or agios paid on loans made for the financing of DEVELOPMENT AND EXPLOITATION WORKS by financial institutions independent from the COMPANIES, upon presentation by the borrowing COMPANY to the tax authorities of certificates issued by such financial institutions.

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6.03.7 ~~The mining royalty~~ referred to in Article 7 below ~~is deductible from taxable income~~ and can in no case be treated as an advance payment toward the corporate tax.

6.03.8 The ten per cent (10%) limit set by the second paragraph of Article 20.I.60 of the Code Général des Impôts du Congo, as amended by Article 5 of Law No. 30/74, shall not be applicable to the COMPANIES.

6.04 Remunerations and wages paid to the COMPANIES' personnel based in the CONGO for the performance of the PETROLEUM WORKS shall be subject to taxes on income in accordance with the provisions of the Code Général des Impôts du CONGO.

6.05 The corporate tax is paid by provisional monthly installments in accordance with the procedure set forth in Exhibit IV to the CONVENTION.

#### 7. Mining royalty

7.01 The basis of computation of the mining royalty paid in cash or in kind is equal, for each COMPANY, to the value of the HYDROCARBONS lifted by such COMPANY, computed on the basis of the price determined in accordance with Exhibit II to the CONVENTION, ~~less domestic transportation, processing, storage and loading charges as said charges appear from the COMPANY's accounts and constitute tax deductible expenses.~~ The royalty is not due on those quantities of HYDROCARBONS lost or used for the PETROLEUM WORKS.

7.02 The mining royalty provided for in this Article 7 is payable in cash or in kind, at the option of the CONGO.

7.03 The OPERATOR shall communicate to the competent authority of the CONGO the expected date for the first exportation of HYDROCARBONS at least six (6) months in advance, so that this authority can advise the COMPANY or the OPERATOR within five (5) months following receipt of such notification, of the manner of payment of the mining royalty chosen by the Government. The Government shall always be able to modify the manner of payment so elected by notifying the COMPANY, or the OPERATOR acting on its behalf, at least three (3) months in advance. However, the Government shall be deemed to have initially opted for cash payment of the mining royalty.

If, at any time while the Government is taking the mining royalty in cash, the COMPANIES have the opportunity to enter into sales commitments extending beyond a three (3) month period, which commitment could not be satisfied if the Government should decide to take the mining royalty in kind, the COMPANIES may submit the draft of the sales contract to the Minister in charge, who will, at his discretion, approve it or not. If the draft contract is so approved, the mining royalty shall continue to be taken in cash for the duration of said contract.

GAR 00066

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7.04 The quantity of HYDROCARBONS to which the mining royalty applies shall be measured at the point of delivery, as described in sub-paragraph 10.02.1. The methods for measurements to be used shall be approved by the competent authority of the CONGO which shall be advised of the progress of such operations so as to be able to be represented thereat and to exercise any control it may deem necessary.

Within one month from the end of the period for which the mining royalty is due, each COMPANY, or the OPERATOR on behalf of the COMPANY, shall provide the competent authority of the CONGO with a statement of the quantities of HYDROCARBONS to which the mining royalty applies, including any appropriate supporting documents.

7.05 The mining royalty, whether in cash or in kind, shall be computed and paid on a quarterly basis, in accordance with the conditions set forth below:

7.05.1 The payment in kind of the mining royalty shall be made to HYDRO-CONGO for the account of the CONGO pursuant to the terms set forth in paragraph 4.11 and in Articles 9 and 10 of the JOINT OPERATING AGREEMENT for the allocation to HYDRO-CONGO of the portion of production to which it is entitled. The quantities of HYDROCARBONS to which the CONGO is entitled pursuant to this Article 7 shall be delivered to HYDRO-CONGO during the month following that for which the mining royalty is due.

7.05.2 The payment in cash of the mining royalty shall be made during the month following the end of the calendar quarter for which the mining royalty in cash is due.

7.06 When the mining royalty is elected to be paid in cash, monthly declarations and provisional payments shall be made in accordance with the terms set forth in Exhibit IV to the CONVENTION.

7.07 By virtue of the special characteristics of NATURAL GAS the parties hereto shall consult, in the event NATURAL GAS is discovered, to settle upon the terms for payment in kind of the mining royalty on NATURAL GAS pursuant to the principles set forth in this Article 7.

#### 8. Foreign exchange

8.01 The CONGO warrants, for the term of the CONVENTION, to the COMPANIES, to all individuals duly employed by them and to all individuals or entities entrusted by them with implementing or financing the PETROLEUM WORKS or with marketing the HYDROCARBONS that:

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GAR 00067

*[Handwritten signature]*

10.

8.01.1 The CONGO shall not require the COMPANIES to repatriate the funds arising from export sales of the HYDROCARBONS.

8.01.2 The COMPANIES may pay contractors, suppliers and lenders abroad in foreign currency, using funds maintained abroad by them, in execution of contracts entered into for the performance of the PETROLEUM WORKS.

8.01.3 The COMPANIES may borrow abroad all amounts which they may require to carry out the PETROLEUM WORKS.

8.01.4 The COMPANIES may transfer to suppliers residing outside of the franc zone all amounts owing thereto.

8.01.5 The COMPANIES may freely repatriate from the CONGO to member countries of the franc zone capital originating from these countries invested in the CONGO within the scope of the PETROLEUM WORKS, and may transfer, under the same conditions, the return on such capital, if any.

8.01.6 The COMPANIES may repatriate from the CONGO to countries outside of the franc zone any capital originating from these countries invested in the CONGO within the scope of the PETROLEUM WORKS, and may transfer, under the same conditions, the return on such capital, if any. The CONGO warrants to the COMPANIES that they shall obtain the means of payment to countries outside of the franc zone necessary to carry out the operations contemplated by the CONVENTION.

8.01.7 The COMPANIES may freely export from the CONGO to member countries of the franc zone all amounts which they may owe to suppliers, shippers and other entities providing services, as well as to their shareholders residing in the franc zone, and in general, all amounts which the COMPANIES may owe in any respect whatsoever during the term of the CONVENTION.

8.01.8 Staff members who are nationals of member countries of the franc zone duly employed by the COMPANIES may freely export from the CONGO to countries of the franc zone any portion of their salaries they have saved.

8.01.9 The COMPANIES may export from the CONGO to countries outside of the franc zone all amounts which they may owe to suppliers, shippers and other entities offering services, as well as to their shareholders residing in these countries.

8.01.10 Staff members who are nationals of the countries outside of the franc zone duly employed by the COMPANIES may export from the CONGO to such countries any portion of their salaries they have saved.

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GAR 00068

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8.02 All currency transfers to or from the franc zone made pursuant to sub-paragraphs 8.01.4, 8.01.6, 8.01.9 and 8.01.10 above shall be carried out under the supervision of the Bureau des Relations Financières avec l'Etranger /Bureau of Financial Relations with Foreign Countries/ ("B.R.F.E.") in accordance with the rules in effect in the CONGO pertaining to the franc zone.

8.03 All transactions contemplated by sub-paragraphs 8.01.4, 8.01.6, 8.01.9 and 8.01.10 above shall not be made more onerous for the COMPANIES, through the imposition of different rates or special taxes or commissions, than for other purchasers and sellers of currency in commercial transactions.

9. Lump sum payments

9.01 The COMPANY appointed as OPERATOR by the JOINT OPERATING AGREEMENT shall make the following lump sum payments to the CONGO on behalf of the FOREIGN COMPANIES:

9.01.1 Two hundred and fifty million (250,000,000) CFA FRANCS when the daily production of LIQUID HYDROCARBONS on the PERMIT shall have reached thirty thousand (30,000) barrels per day and thereafter averaged thirty thousand (30,000) barrels per day for a period of one hundred and twenty (120) consecutive days; and

9.01.2 Six hundred and twenty five million (625,000,000) CFA FRANCS when the daily production of LIQUID HYDROCARBONS on the PERMIT shall have reached seventy five thousand (75,000) barrels per day and thereafter averaged seventy five thousand (75,000) barrels per day for a period of one hundred and twenty (120) consecutive days.

9.01.3 The lump sum amounts set forth in sub-paragraphs 9.01.1 and 9.01.2 above shall become due thirty (30) days following the expiration of each one of the one hundred and twenty (120) day periods referred to in said sub-paragraphs.

9.02 The amounts set forth in sub-paragraphs 9.01.1 and 9.01.2 above may be capitalized and depreciated for tax purposes by the FOREIGN COMPANIES.

10. Disposition of HYDROCARBONS

10.01 Each COMPANY shall have the right to take freely the portion of the HYDROCARBONS to which it is entitled pursuant to the JOINT OPERATING AGREEMENT. It may freely sell, transfer, transport, consume or export, directly or indirectly, such portion.

10.02 Nonetheless, and by derogation to the principle set forth in paragraph 10.01 above, each COMPANY shall, at the request of the CONGO, affect by priority to the satisfaction of the needs of the Congolese industry, under the conditions

GAR 00069

defined hereinafter, the HYDROCARBONS derived from its exploitation, provided that: (a) HYDRO-CONGO's share of production shall have been first used to satisfy the needs of the Congolese industry; and (b) the maximum of the share of production of each FOREIGN COMPANY so affected to satisfy the needs of the Congolese industry shall not exceed thirty percent (30%) of all HYDROCARBONS to which each FOREIGN COMPANY is entitled.

10.02.1 Delivery of the quantities of HYDROCARBONS to which the CONGO is entitled, including the LIQUID HYDROCARBONS destined for the Pointe-Noire refinery, shall be made either at well head or at the gathering point, should the parties to the JOINT OPERATING AGREEMENT decide to build one in accordance with the provisions of said JOINT OPERATING AGREEMENT. In the event deliveries of LIQUID HYDROCARBONS to the CONGO pursuant to this paragraph exceed the CONGO's mining royalty share as provided in paragraph 5.03 above, the sales price of such excess shall be the weighted average of the prices actually realized by the COMPANIES in sales to non-affiliated purchasers concluded during the calendar month preceding the month during which such LIQUID HYDROCARBON sale to the CONGO took place.

10.02.2 The commitment of each COMPANY to sell a part of its production of HYDROCARBONS from the PERMIT as described in paragraph 10.02 above and at the price defined in sub-paragraph 10.02.1 above is limited for each calendar year to the share of the needs of the Congolese industry for the HYDROCARBONS of the quality required by the Congolese industry equal to the ratio of the portion of the production of HYDROCARBONS of this quality to which the COMPANY is entitled pursuant to the JOINT OPERATING AGREEMENT and the total production of HYDROCARBONS of such quality from the territory of the CONGO for the same calendar year. The CONGO shall notify the COMPANY, before the commencement of each calendar year, of the tonnage required by it for such calendar year pursuant to the commitment set forth hereinabove.

10.02.3 The CONGO may choose the quality which is the most appropriate to its needs among those qualities available, and to the extent to which the OPERATOR determines that it is possible within the framework of the operations contemplated by the CONVENTION, the OPERATOR shall endeavor to furnish to the CONGO the various qualities which the CONGO may request.

10.02.4 The quantities of HYDROCARBONS sold pursuant to the provisions of this Article 10 shall be paid for by the CONGO within fifteen (15) days from the end of the calendar month in which delivery is effected, upon presentation of the pertinent invoice by each COMPANY.

10.03 In the event NATURAL GAS is discovered, the parties hereto shall meet as soon as possible to work out the changes, if any, which may have to be made to this Article 10 to apply the principles of the CONVENTION to the exploitation of such deposits.

GAR 00070



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10.03.1 The exploitation, if any, of NATURAL GAS deposits shall be carried out pursuant to the principles which govern the relationship between the members of the JOINT VENTURE.

10.03.2 If the use of NATURAL GAS discovered on the PERMIT is not judged profitable by the members of the JOINT VENTURE pursuant to the provisions of the JOINT OPERATING AGREEMENT, the CONGO shall have the right, directly or through HYDRO-CONGO, to use this NATURAL GAS at its own expense.

In the event the CONGO exercises its right to use NATURAL GAS for its own benefit as contemplated hereinabove, HYDRO-CONGO shall provide at its own expense facilities necessary for the development, exploitation, transportation and processing, including but not limited to, separation, compression or liquefaction, of the NATURAL GAS from the first separator after the point of production, and of sufficient capacity to handle NATURAL GAS. The COMPANIES agree to provide, on terms and conditions to be agreed at that time, such technical assistance and cooperation as may be required by HYDRO-CONGO for the development and exploitation of NATURAL GAS deposits, and for the laying out, construction, operation and maintenance of these facilities. In no event shall the aforesaid activities interfere with the PETROLEUM WORKS of the JOINT VENTURE.

10.03.3 All NATURAL GAS produced on the PERMIT and not used directly for the PETROLEUM WORKS or pursuant to sub-paragraph 10.03.2 hereinabove, may be burnt off.

#### 11. Employment and training of personnel

11.01 In accordance with sub-paragraph 5.01.3 hereinabove, each of the COMPANIES shall be subject to the labor legislation and regulations embodied in the laws relating in particular to general working conditions, the regulation of pay and the prevention of work accidents and work-related illnesses and indemnification therefor, as well as to the laws relating to professional associations and labor organizations. On its part, the CONGO shall not apply to any COMPANY or its personnel any labor and welfare regulation in a manner which may be considered discriminatory in relation to the laws regulating other companies exercising their activity in the CONGO.

11.02 Each one of the COMPANIES agrees to undertake, jointly with other members of the JOINT VENTURE and in proportion to the percentage of its participation in the JOINT VENTURE, for the training, technically and administratively, of the Congolese supervisory employees, foremen and personnel required for the exploitation activities, by organizing apprenticeship programs in the CONGO or abroad, by payment of scholarships for study abroad and by the establishment of professional training centers in the CONGO, in a way commensurate with the magnitude of such activities.

GAR 00071

11.02.1 The professional training programs and the budgets therefor shall be approved by the Operating Committee referred to in the JOINT OPERATING AGREEMENT after consultation with the Congolese Government.

11.02.2 Each of the COMPANIES shall jointly with the other members of the JOINT VENTURE, give priority in employment in its facilities and installations to equally qualified Congolese personnel. Each COMPANY shall assure the professional and technical training of said Congolese personnel so as to facilitate their access, at all levels, to jobs commensurate with their abilities.

11.02.3 On the production work sites situated outside or near cities and towns, the COMPANIES shall provide jointly lodging for the workers in normal conditions of hygiene and cleanliness, and shall create, if necessary, the medical, scholastic, athletic and cultural infrastructure corresponding to the normal needs of the workers and their families.

11.02.4 The means provided jointly by the COMPANIES for the application of the provisions of this Article 11 purport to permit the gradual replacement of foreign personnel of the COMPANIES assigned to the PETROLEUM WORKS by Congolese personnel. Therefore, the COMPANIES shall use their best efforts so that, at the expiration of the tenth year from the beginning of the DEVELOPMENT AND EXPLOITATION WORKS, the personnel used by the OPERATOR for the PETROLEUM WORKS in the CONGO include one hundred per cent (100%) of laborers and clerks, eighty percent (80%) of foremen and technicians, and fifty percent (50%) of management and supervisory employees, of Congolese citizenship.

11.02.5 The personnel of Congolese citizenship used by the OPERATOR for PETROLEUM WORKS in the CONGO shall be recruited by the OPERATOR and hired, at his request, by HYDRO-CONGO which will assign such personnel to the OPERATOR for purposes of being trained by the OPERATOR and, at the end of the professional training period, of employment in the PETROLEUM WORKS. From the end of such professional training period, those members of such personnel whom the OPERATOR will have decided to retain for the PETROLEUM WORKS shall be the OPERATOR's employees for the entire duration of their assignment to the OPERATOR.

## 12. Congolese suppliers

12.01 In carrying out the PETROLEUM WORKS, the COMPANIES or the OPERATOR on their behalf shall give priority to Congolese companies in the acquisition of goods and services where such companies offer quality, quantity, terms of sale, conditions of delivery and related services equal to those available for the acquisition of goods and services abroad.

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12.02 Notwithstanding the foregoing, and subject to conditions of general applicability which the CONGO may impose, the COMPANIES, or the OPERATOR on their behalf, may freely choose the charterers and ships of any registry for their use for whatever purpose. To the extent available, the COMPANIES shall use the Congolese merchant fleet during the term of the CONVENTION if the rates and other conditions offered by such fleet are no less favorable than those offered on the international market.

### 13. Supply of information

13.01 The COMPANIES shall supply the CONGO with all information in their possession required to be communicated by the Mining Code. On its part, the CONGO may communicate to the COMPANIES information, particularly of a technical nature, which may be useful in the PETROLEUM WORKS. The COMPANIES agree not to divulge this information and these documents to third parties, except as required for the PETROLEUM WORKS, provided that, in this case, a commitment be obtained from the recipient to treat such information and documents as confidential.

13.02 In addition to the information the COMPANIES are required to communicate pursuant to the Mining Code, they shall, without charge, place at the disposition of the CONGO all geological information which may be useful in the exploration for and exploitation of mineral substances within the PERMIT other than HYDROCARBONS. The COMPANY which acts as OPERATOR ~~must notify to the competent Congolese authorities all~~ discoveries made on the PERMIT of mineral substances other than HYDROCARBONS; the COMPANIES shall consult to evaluate the possibility, in view of technical and economic factors, of participating jointly in the exploitation of said mineral substances. The COMPANIES agree not to divulge this information to third parties. The CONGO may freely use any information received under this paragraph if the COMPANIES express their lack of interest or fail to submit within four (4) months from the receipt of the information a proposal acceptable to the CONGO for a specific exploration or exploitation permit covering said mineral substance or substances.

13.03 At the request of the Minister in charge, the COMPANIES will consider all available information concerning possibilities for the exploration for mineral substances in any part of the Congolese territory indicated to them by said authority and shall consult to evaluate the possibility, in view of technical and economic factors, of participating jointly in the exploration for the said mineral substances.

### 14. Transport and treatment of products

14.01 The Minister in charge may request the COMPANIES to participate with other producers in the CONGO in the joint

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installation or use of facilities or pipelines to pump out all or part of the production of HYDROCARBONS, on the condition that (i) the installation of such facilities or pipelines is technically feasible under normal economic conditions, and (ii) that their use does not jeopardize directly or indirectly the economic profitability of the deposits discovered.

14.01.1 After consultation with the competent Congolese authority, transport rates for pumping out the production shall be established by the companies exploiting the deposits.

14.02 In the event that production permits and a market for finished products is assured, the CONGO may ask the COMPANIES to consult and evaluate, in view of economic conditions and forecasts of profitability, the possibility of constructing a HYDROCARBON refinery in the CONGO jointly with the CONGO and/or other partners approved by the CONGO.

#### 15. Force majeure

15.01 In the event that the CONGO or one or several of the COMPANIES finds it impossible, either partially or totally, to perform one or more of their obligations contemplated by the CONVENTION, or arising therefrom, by reason of force majeure, an unforeseeable circumstance (cas fortuit) or an occurrence which may be considered as similar to force majeure (hereinafter collectively referred to as "FORCE MAJEURE"), the party invoking FORCE MAJEURE shall inform the other parties as soon as possible.

15.02 Said notification shall be addressed in writing either by telex confirmed by letter or by registered letter, return receipt requested, and shall set forth those circumstances which establish FORCE MAJEURE.

15.03 All occurrences independent of the will or control of one or the other party, which the parties cannot reasonably overcome or avoid and whose consequence is to prevent partially or totally or to delay significantly the performance of the obligations of the parties, shall be considered as events of FORCE MAJEURE. For the purpose of the CONVENTION, FORCE MAJEURE shall include but not be limited to: war, serious civil disturbances, insurrection, national strikes and any strikes of a general nature, earthquake, fire, explosion, other catastrophes and all hindrances which result directly or indirectly from orders or prohibitions of a government authority.

15.04 FORCE MAJEURE shall nonetheless not be validly invoked if the events, acts or occurrences in question were reasonably foreseeable or could have been remedied by the exercise of reasonable diligence. FORCE MAJEURE will exist if necessary equipment cannot be found, or can be found only at a prohibitive price. Lack of funds shall not constitute FORCE MAJEURE.

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15.05 Time periods for the performance of the obligations of each COMPANY affected by the event of FORCE MAJEURE shall be extended automatically for a term equal to the delay caused by said FORCE MAJEURE; it being understood (i) that all such extensions shall not give rise to any penalty to the party responsible for performing these obligations, and (ii) that obligations other than those affected by FORCE MAJEURE shall continue to be fulfilled in accordance with the provisions of the CONVENTION.

15.06 In all cases, the party affected shall take, in agreement with the other parties, all appropriate measures to assure the normal resumption of the performance of the obligations affected by FORCE MAJEURE. If, following FORCE MAJEURE, one of the parties is not able to perform its obligations as contemplated by the CONVENTION for a period of three (3) months following the notification contemplated hereinabove, the parties shall meet as soon as possible to examine the consequences of the occurrences in question and in particular the consequences on the time periods for performance of their respective obligations. Should the parties not reach an agreement on said consequences, they shall submit their dispute to arbitration in accordance with the provisions of Article 17 below.

#### 16. Tax declaration and payment

Each COMPANY shall be responsible for its declaration to the CONGO's tax authorities and for the payment of its taxes arising from its participation in the activities of the JOINT VENTURE in the CONGO on the basis of its net income from all of its activities covered by the CONVENTION.

#### 17. Arbitration

17.01 All disputes arising in connection with the CONVENTION between the CONGO on the one hand and any COMPANY on the other hand which cannot be resolved otherwise amicably shall be finally settled by arbitration in accordance with the rules then in effect of the International Center for the Settlement of Investment Disputes (the "Center") created by the Convention on the Settlement of Investment Disputes between States and Nationals of other States to which the CONGO became a party on October 14, 1966.

17.02 Each party to a dispute shall be entitled to appoint one arbitrator and the arbitrators so appointed shall agree on another arbitrator, if necessary, to achieve an odd number of arbitrators. In the event that agreement upon another arbitrator cannot be reached, such arbitrator shall be appointed by the President of the Center.

17.03 Arbitration shall take place in Geneva, Switzerland. The award which will be rendered in English and French with both texts having equal validity shall be final and

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binding upon the parties to the arbitration. Judgment upon the award rendered may be entered in any court or other authority having jurisdiction, or application may be made to said court or other authority for a judicial acceptance of the award and an order of enforcement, as the case may be.

17.04 The Center's fees for arbitrating a dispute shall be borne equally by the disputants.

17.05 Any dispute which may arise among the COMPANIES shall be settled in accordance with the arbitration clause of the JOINT OPERATING AGREEMENT.

18. Applicable law

The CONVENTION shall be governed by Congolese law.

19. Notices

19.01 All notices shall be validly given by mail, cable or telex, addressed to the other party or parties at the address indicated below:

(a) for the CONGO:

Minister of Mines and Energy  
Ministry of Mines and Energy  
Brazzaville  
People's Republic of the Congo

attention:  
The Minister

(b) for SUPERIOR:

Congolese Superior Oil Company  
P.O. Box 1521  
Houston, Texas 77001  
United States of America

Telex: 0775369

attention:  
Vice-President Exploration

(c) for CITIES SERVICE:

Cities Service Congo Petroleum Corporation  
P.O. Box 642  
Houston, Texas 77001  
United States of America

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19.

Telex: 762056

attention:  
Vice-President Operations

(d) for CANADIAN:

Canadian Superior Oil Ltd.  
Three Calgary Place  
355 4th Avenue S.W.  
Calgary, Alberta T2P 0J3

Telex: 03826640

attention:  
Vice-President Exploration

(e) for HYDRO-CONGO:

Société Nationale de Recherches  
et d'Exploitation--HYDRO-CONGO  
B.P. 2008  
Brazzaville  
République Populaire du Congo

Telex: 5220

attention:  
The General Manager

All formal notices will be sent by registered mail, return receipt requested, or, if sent by cable or telex, confirmed by registered mail, return receipt requested.

19.02 Each of the parties may change the above address by advising the other parties in writing in accordance with the provisions of this Article 19.

19.03 During the exploration stage, each of the COMPANIES shall designate a representative in the CONGO to whom all formal notices may be validly given. If a commercially exploitable discovery is made, each of the COMPANIES shall establish a branch in the CONGO, duly registered with the Registry of Commerce. By derogation to Article 20 of Law No. 29/62 of June 16, 1962, as amended, the COMPANIES shall not be required to organize a subsidiary company formed under Congolese law.

## 20. Amendments

Amendments may be made to one or several provisions of the CONVENTION, at a party's request, by mutual agreement of the parties.

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21. Guarantee by parent company

The obligations of the COMPANIES pursuant to this CONVENTION are guaranteed by the parent companies of their respective groups, if the case arises, pursuant to letters of guarantee, a form of which is annexed hereto as Exhibit V.

Done at Brazzaville, on May 15, 1979.

For the People's Republic of  
the Congo

Rodolphe Adada,  
Minister of Mining and Energy

For Congolese Superior  
Oil Company

For Société Nationale de  
Recherches et d'Exploitation  
Pétrolières "HYDRO-CONGO"

Diego O. Giordano-Echegoyen,  
Vice-President

Alphonse M'Boudo-Nesa,  
General Manager

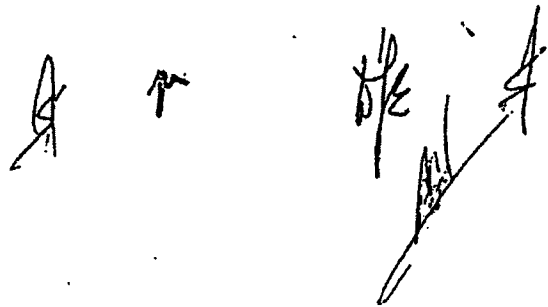
For Cities Service Congo  
Petroleum Corporation

For Canadian Superior  
Oil Ltd.

Antoine Saadi,  
Vice-President

Robert C. Schrader,  
Vice-President,  
International Contracts

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EXHIBIT I

COPY OF DECREE GRANTING THE PERMIT

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EXHIBIT I

COPY OF DECREE GRANTING THE PERMIT

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TRANSLATION

DECREES N° 052/79 of May 16, 1979, granting  
to HYDRO-CONGO a type "A" hydrocarbons exploration permit  
(known as "Marine 1")

The President of the Central Committee of the Parti Congolais  
du Travail, President of the Republic, Chief of State,  
President of the Council of Ministers,

- Having reviewed Act N° 032/ICE/68 of March 30, 1969, establishing, organizing and regulating Public Institutions;
- Having reviewed Decree N° 79/154 of April 4, 1979 appointing the Prime Minister;
- Having reviewed Decree N° 79/155 of April 4, 1979 appointing the members of the Council of Ministers;
- ~~Having reviewed Law N° 32/68 of June 16, 1968 establishing the Mining Code;~~
- Having reviewed Law N° 34/68 of June 16, 1968 setting the rules and rules for the payment of duties on mining titles;
- Having reviewed Law N° 35/68 of August 10, 1967 completing the provisions of the Mining Code;
- Having reviewed Decree N° 04/247 of August 17 1968 setting forth various conditions of application of Law N°32/68 referred to above;
- Having reviewed Government Order N° 14/73 of June 4, 1973 deciding the creation of Hydro-Congo;
- Having reviewed the permit application introduced by Hydro-Congo on January 13, 1979 under N° DRE/HG/138/242/ALTR/79;
- Having reviewed Decree N° 72/111 of March 10, 1979 granting the "matriculation personnelle miniere" to Hydro-Congo;

After consultation with the Council of Ministers;

D E C R E E S:Article 1

It is hereby granted to Hydro-Congo pursuant to the conditions laid in the present Decree a type "A" exploration permit, known as "Marine 1", valid for liquid and gaseous hydrocarbons, and the surface of which is equal to 1,438 (one thousand four hundred and thirty two) square kilometers, and is shown on the map attached hereto as Exhibit 1; the surface is included within the perimeter defined by:

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1. a. The straight lines joining the points 1 and 2, 2 and 3, 3 and 4, 4 and 5, 5 and 6, 6 and 7, 7 and 8, 8 and 9, 9 and 10; these lines are reportedly coincident with the limit separating the renewed "Madingo Maritime (A)" permit and the "Marine 1" permit.
- b. The straight line joining the points 10 and 11; this straight line being reportedly partially coincident in part with the limit separating the renewed "Madingo Maritime (A)" permit and in part with the limit separating the "Loango East" concession and the "Marine 1" permit.
- c. The straight lines joining the points 11 and 12, 12 and 13, 13 and 14, 14 and 15, 15 and 16, and 16 and 17; these straight lines reportedly coincide with the limit separating the "Loango East" concession and the "Marine 1" permit.
- d. The straight lines joining the points 17 and 18, and 18 and 19; these straight lines reportedly coincide with the limit separating the "Loango West" concession and the "Marine 1" permit.
- e. The straight lines joining the points 19 and 20, 20 and 21, 21 and 22, 22 and 23, 23 and 24, 24 and 25; these straight lines are reportedly coincident with the limit separating the renewed "Pointe-Noire Grands

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Ponds (A)" permit and the "Marine 1" permit.

- f. The straight line joining the points 25 and 26; this straight line reportedly coincides with the limit separating the "Mer Profonde" permit and the "Marine 1" permit.
- g. The straight line joining the points 26 and 1, i.e., a section of the straight line passing on the intersection of the low-tide mark and the limit of the territories of Congo and Gabon in a geographic azimuth of  $212^{\circ}$ ; this straight line is reportedly coincident with the limit separating the territorial waters of Congo and Gabon.

2. The points 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26 are defined as follows:

(see next page).

GAR 00083

Coordonnées Géographiques Ellipsoïde de Clarke 1880		Coordonnées U.T.M. (Clarke 1880) Fusée 32-Me: 9°E.	
Points	Longitude EAST : Latitude SOUTH:	EAST	NORTH
1	Point located at 38 km from the low-tide mark on the straight line defined in paragraph 1.g. above.		
2	10°58'14"200 : 4°14'54"550	742.730	9.520.470
3	11°02'31"666 : 4°18'29"055	726.652	9.523.560
4	11°05'15"851 : 4°15'11"228	731.714	9.529.624
5	11°09'50"804 : 4°15'10"466	740.214	9.529.624
6	11°09'51"271 : 4°17'56"970	740.214	9.524.508,361
7	11°15'05"727 : 4°17'56"058	749.914	9.524.508,361
8	11°15'05"241 : 4°15'09"563	749.914	9.529.624
9	11°23'36"921 : 4°15'08"018	765.700	9.529.624
10	11°27'26"845 : 4°18'20"070	772.775	9.523.700
11	11°27'28"782 : 4°28'12"323	772.775	9.505.500
12	11°16'15"217 : 4°28'14"496	752.000	9.505.500
13	11°16'15"066 : 4°27'25"678	752.000	9.507.000
14	11°15'10"219 : 4°27'25"878	750.000	9.507.000
15	11°15'09"972 : 4°26'04"513	750.000	9.509.500
16	11°14'21"337 : 4°26'04"661	748.500	9.509.500
17	11°14'21"191 : 4°25'15"841	748.500	9.511.000
18	11°10'40"712 : 4°25'16"499	741.700	9.511.000
19	11°09'55"210 : 4°24'38"710	740.000	9.512.400
20	11°09'55"600 : 4°26'54"240	740.000	9.509.000
21	11°07'32"384 : 4°26'54"636	736.500	9.508.000
22	11°07'53"139 : 4°31'15"025	736.500	9.500.000
23	11°04'54"774 : 4°31'15"544	731.000	9.500.000
24	11°04'54"312 : 4°28'32"796	731.000	9.505.000
25	11°00'46"128 : 4°28'33"491	723.346,900	9.505.000
	Intersection of Longitude East 11°00'46"944 meridian and straight line J-K of the original "Pointe Noire Grand Ponds" permit, as defined in Decree No. 68-270/M CAEIM of October 17, 1968.		
	Point Located 65 km from the low-tide mark on the straight line defined in paragraph 1.g. above.		

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ARTICLE 2

The minimum work program to be performed on the exploration permit described in Article 1 above is defined in Exhibit 2 hereto.

ARTICLE 3

Hydro-Congo is hereby authorized to become a party in association with the companies executing a convention with the People's Republic of the Congo, for the implementation of the exploration permit described in Article 1 above as well as any exploitation and transportation permits which may derive therefrom.

ARTICLE 4

The exploration permit described in Article 1 above may be renewed for a period of three (3) years in accordance with the conditions set forth in the Mining Code ("Code Minier").

The minimum work program to be conducted within the initial period and the renewal period as well as the areas to be relinquished on the exploration permit described in Article 1 above, are set forth in Exhibit 2 hereto.

ARTICLE 5

In the event a discovery of an exploitable reservoir is made on the area of the exploration permit described in Article 1 above, Hydro-Congo shall request an exploitation permit for hydrocarbons, which shall be granted as a matter of law.

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Each hydrocarbons exploitation permit is valid for thirty (30) years. The hydrocarbons exploitation permit may not be renewed.

All matters not defined by the present Decree regarding the hydrocarbons exploitation permit derived from the exploration permit described in Article 1 above are governed by the provision of the Mining Code relating to concessions.

ARTICLE 6

The sub-contractors hired by Hydro-Congo or by any company associated with Hydro-Congo shall comply with the Mining Code.

ARTICLE 7

The Minister of Mines and Energy is hereby entrusted with the implementation hereof which shall be registered, communicated wherever necessary and published in the Official Journal of the People's Republic of the Congo.

Done in Brazzaville on May 13, 1973.

President of the Central  
Office of the Parti Congolais du  
Peuple, President of the Republic,  
President of the State, President of the  
Council of Ministers

(s) Denis Sassou-Nguesso

Colonel Nguesso ENDOU-ENDOU

Prime Minister,  
of the Government

By the Minister of Mines

Deputy Prime Minister

(s) Denis Sassou-Nguesso

Colonel Nguesso ENDOU-ENDOU

Colonel Nguesso ENDOU-ENDOU

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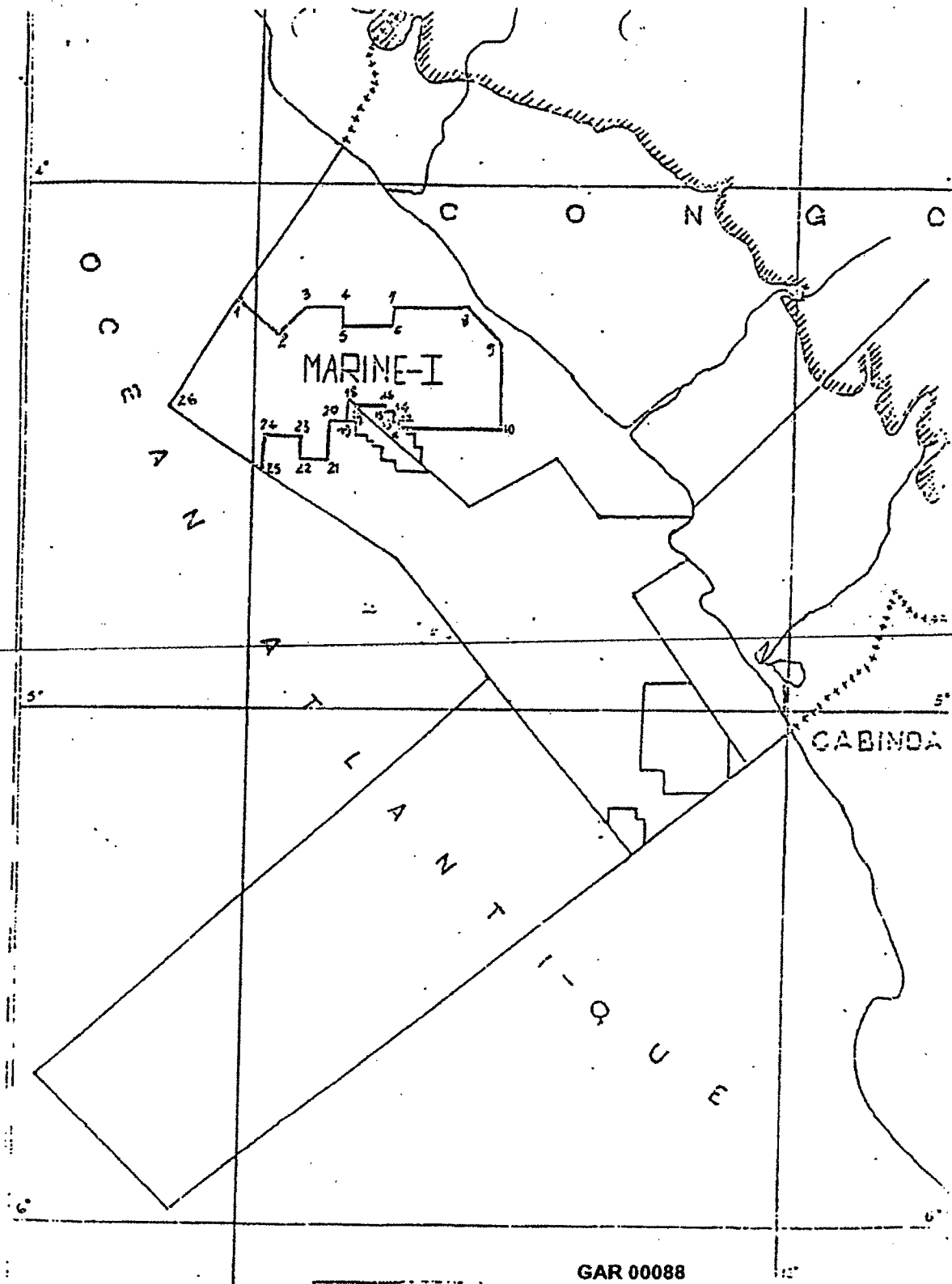
EXHIBIT 1

MAP OF THE "MARINE 1" PERMIT

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ANNEXE 2

I - Minimum Work Program

A. Initial Period

The term of the first period shall be five (5) years.

Phase I

The term of Phase I shall be three (3) years and shall consist of the following:

(a) One thousand (1000) kilometers of Marine seismic.

(b) Within six (6) months after receipt of the processed data commit to drill a pre-salt test well to be commenced within twenty-four (24) months from the date of signing the Convention with the State, but not later than thirty (30) months from such date, depending upon availability of suitable equipment at competitive rates, or relinquish the entire permit.

(c) The permit holder shall have the option to relinquish the permit at the later of the following two dates: (i) ninety (90) days after completion of the exploration well, or (ii) ninety (90) days before the end of Phase I, or proceed into Phase II.

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ANNEXE 2

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(a) One thousand (1000) kilometers of Marine seismic.

(b) Within six (6) months after receipt of the processed data commit to drill a pre-salt test well to be commenced within twenty-four (24) months from the date of signing the Convention with the State, but not later than thirty (30) months from such date, depending upon availability of suitable equipment at competitive rates, or relinquish the entire permit.

(c) The permit holder shall have the option to relinquish the permit at the later of the following two dates: (i) ninety (90) days after completion of the exploration well, or (ii) ninety (90) days before the end of Phase I, or proceed into Phase II.

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Phase II

The term of Phase II shall be two (2) years.

During the course of Phase II, the permit holder shall drill two (2) pre-salt exploration wells. The permit holder shall have the option to relinquish the permit upon completion of each well.

B. Renewal period

The exploration permit shall be renewed upon request from the permit holder for a three (3) year ~~renewal period, during the course of which at least three~~ (3) wells will be drilled. However, the permit holder shall have the right to relinquish the permit upon completion of each well.

C. For purposes of paragraphs A and B above, the obligation to drill a well shall be deemed satisfied by the permit holder when the objective depth of formation is reached, or expenses actually incurred for such well shall have reached an amount equal to one hundred and fifty percent (150 %) of the estimated cost of such well, as budgeted by the Operating Committee of the Joint Venture to be formed by the permit holder of the Convention with the People's Republic of Congo described in Article 3 of the Decree.

II - Relinquishments

The permit holder shall relinquish the original area as follows:

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(a) An area equal to twenty-five percent (25%) of the original contract area shall be relinquished at the end of Phase I of the initial period;

(b) Another area equal to twenty-five percent (25%) of the original contract area shall be relinquished at the end of Phase II of the initial period; and

(c) The remainder of the original contract area shall be entirely relinquished upon termination of the renewal period, except for the area or areas of the permit which are covered by one or several exploitation permits, if any;

(d) Areas of the permit that the Operating Committee of the Joint Venture described above has determined, before the effective date of the relinquishments or the expiration of the renewal period, to cover commercial reservoirs shall be excluded from areas relinquished by the permit holder upon termination of Phase I and Phase II of the first period and upon termination of the renewal period.

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EXHIBIT II

The base of calculation of the royalty and corporate income tax shall be the market value of the LIQUID HYDROCARBONS sold.

For the purpose of the royalty, the market value of the LIQUID HYDROCARBONS shall be deemed equal to the FOB Congo reference market value based on Middle East sales calculated as described below.

For the purpose of the corporate income tax, the market value of the LIQUID HYDROCARBONS shall be the realized sales price, provided however that in the case of sales to affiliated purchasers, the sales price shall not be lower than the weighted average realized sales price of the selling COMPANY from third party purchasers for the same period of reasonable quantities of LIQUID HYDROCARBONS of similar quality and gravity, or in the absence of such sales of reasonable quantities to third parties, the sales price shall not be lower than a price equal to the competitive value for the same period of LIQUID HYDROCARBONS of similar quality and gravity.

Calculation of the FOB

Congo Reference Market Value

The FOB Congo reference market value shall be computed by reference to the government sales price for Arab Light crude oil for the applicable period adjusted for freight, gravity, sulfur and other quality differentials.

Definitions

1. "Arab Light" means the crude oil produced in Saudi Arabia and sold at Ras Tanura, of API gravity 34 degrees.
2. "Berri" means the crude oil produced in Saudi Arabia and sold at Ras Tanura of API gravity 39 degrees.
3. "Government Sales Price" ("GSP") means the official state sales price of the Government of Saudi Arabia for the sale of Arab Light or Berri.
4. "AFRA VLCC" and "AFRA LR2" mean the freight costs as determined by the London Tanker Brokers Panel or by any

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EXHIBIT II

The base of calculation of the royalty and corporate income tax shall be the market value of the LIQUID HYDROCARBONS sold.

For the purpose of the royalty, the market value of the LIQUID HYDROCARBONS shall be deemed equal to the FOB Congo reference market value based on Middle East sales calculated as described below.

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Definitions

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2. "Berri" means the crude oil produced in Saudi Arabia and sold at Ras Tanura of API gravity 39 degrees.
3. "Government Sales Price" ("GSP") means the official state sales price of the Government of Saudi Arabia for the sale of Arab Light or Berri.
4. "AFRA VLCC" and "AFRA LR2" mean the freight costs as determined by the London Tanker Brokers Panel or by any

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other organization substituted therefor, for shipment in very large crude carriers and large range two tankers, respectively.

5. "SPOT VLCC" and "SPOT LR2" mean the freight costs calculated from the Average Worldscale Rates for Single Voyage Dirty Fixture published monthly by H.P. Drewry Ltd., London, in their Shipping Statistics and Economics - SSE Publication and would be a weighted average of Fixtures in the 70,000 - 174,999 Cargo Size DWCT for "SPOT LR2" and 175,000 - 300,000 for "SPOT VLCC", respectively. For the purpose of 2. and 3. hereof, the respective "SPOT VLCC" and "SPOT LR2" freight costs shall be based on the rates published for the month in which LIQUID HYDROCARBONS are lifted.

The FOB Congo reference market value shall be determined as follows:

1. Take the GSP of one barrel of Arab Light crude oil of 34.00 - 34.09 degrees gravity.
2. Determine the freight per barrel of transporting Arab Light from Ras Tanura to Rotterdam via The Cape and returning from Rotterdam to Ras Tanura via The Cape by dividing the average of the published "AFRA VLCC" and "SPOT VLCC" freight per ton by the number of barrels of such crude oil per ton.
3. Determine the freight per barrel of transporting LIQUID HYDROCARBONS from Pointe Noire, Congo, to Rotterdam by dividing the average of the published "AFRA LR2" and "SPOT LR2" freight per ton by the number of barrels of such crude oil per ton. Subtract the resulting freight cost from the freight cost determined under 2 above and add the result to the GSP under 1 above.

The amount determined in accordance with the above procedure shall be adjusted upward or downward pursuant to the following quality factors which shall be computed as follows:

1. Gravity factor:

The differential for gravity will be determined as follows:

- (a) Use 34 degrees API gravity for Arab Light.
- (b) Deduct said gravity from the stated gravity of the LIQUID HYDROCARBONS. Any positive result will be added to the FOB Congo reference market value; any negative result will be subtracted from the FOB Congo reference market value.

GAR 00095